

Message Text

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51

ACTION EB-11

INFO OCT-01 EUR-25 NEA-10 IO-14 ISO-00 SAJ-01 DRC-01

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15 AID-20

COME-00 FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06

SIL-01 OMB-01 AGR-20 INT-08 SCI-06 SCEM-02 STR-08

CEA-02 (ISO) W

----- 031902

R 171715Z DEC 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 9324

INFO AMCONSUL BREMEN

AMCONSUL HAMBURG

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL STUTTGART

AMCONSUL MUNICH

USMISSION BERLIN

USMISSION GENEVA

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY ROME

AMEMBASSY VIENNA

AMEMBASSY ANKARA

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E.O. 11652: N/A

TAGS: ELAB, GW

SUBJECT: UNEMPLOYMENT INCREASES IN THE FRG

REF: BONN 17155, 17716, 10319, 6746, A-398

1. SUMMARY. UNEMPLOYMENT CONTINUES TO RISE IN THE FRG AND IN NOVEMBER REACHED 1.5 PERCENT OF THE LABOR FORCE. THE RATE OF CHANGE HAS BEEN HIGHEST IN THE CONSTRUCTION, TEXTILE, CLOTHING AND LEATHER INDUSTRIES AND IN THE LAENDER BADEN-WUERTTEMBERG AND BAVARIA. THE PRESIDENT OF THE FEDERAL EMPLOYMENT SERVICE ATTRIBUTES THE COMPARATIVELY HIGH RATE OF UNEMPLOYMENT TO A DOWN-TURN IN ECONOMIC ACTIVITY, THE EARLY ONSET OF WINTER AND UNCERTAINTY CAUSED BY THE ENERGY CRISIS. IN ADDITION TO SUSPENDING THE RECRUITMENT OF WORKERS FROM NON-EC COUNTRIES, THE GOVERNMENT IS CONSIDERING SUSPENDING THE LIBERALIZED IMPORT QUOTAS FOR TEXTILES, ABOLISHING THE INVESTMENT TAX, INCREASING INVESTMENT EXPENDITURES IN THE FEDERAL BUDGET AND ENCOURAGING STATE AND LOCAL INVESTMENT. END SUMMARY.

2. UNEMPLOYMENT IN THE FRG IS CONTINUING TO RISE AND IS GROWING FASTER THAN THE GOVERNMENT EXPECTED. ACCORDING TO STATISTICS RELEASED BY THE FEDERAL EMPLOYMENT SERVICE IN NUERNBERG ON DECEMBER 6, 331,800 WORKERS, 1.5 PERCENT OF THE LABOR FORCE, WERE UNEMPLOYED AS OF NOVEMBER 30. IN AN INTERVIEW, JOSEF STINGL, PRESIDENT OF THE FEDERAL EMPLOYMENT SERVICE, SAID THAT UNEMPLOYMENT COULD REACH 500,000 BY FEBRUARY 1974.

3. UNDEREMPLOYMENT IS ALSO GROWING. IN MID-NOVEMBER 105,200 WORKERS WERE ON SHORT-TIME, 37,500 MORE THAN IN OCTOBER AND 90,000 MORE THAN IN NOVEMBER 1972. ALMOST THREE-FOURTH OF ALL WORKERS ON SHORT-TIME ARE EMPLOYED IN THE CLOTHING, TEXTILE, SHOE AND LEATHER INDUSTRIES.
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STINGL VIEWED THE RESORT TO SHORTER WORKING HOURS AS AN ATTEMPT BY EMPLOYERS TO AVOID DISCHARGING WORKERS.

4. AS UNEMPLOYMENT CONTINUED TO RISE, THE NUMBER OF JOB OPENINGS CONTINUED TO DECLINE. THERE WERE 401,900 REGISTERED JOB OPENINGS AT THE END OF NOVEMBER, FEWER FOR NOVEMBER THAN AT ANY TIME SINCE 1968.

5. ALL REGIONS AND INDUSTRIES HAVE EXPERIENCED AN INCREASE IN UNEMPLOYMENT, BUT CERTAIN AREAS AND ENTERPRISES HAVE BEEN AFFECTED MORE THAN OTHERS. THE PERCENT OF THE WORK FORCE UNEMPLOYED RANGES FROM .07 IN BADEN-WUERTTEMBERG TO 2.1 PERCENT IN NIEDERSACHSEN-BREMEN. IN THREE CITIES IN THE RUHR, GLADBECK, HERNE AND GELSENKIRCHEN, OVER THREE PERCENT OF THE LABOR FORCE IS OUT OF WORK. UNEMPLOYMENT IN THE BUILDING INDUSTRY IS 155.2 PERCENT HIGHER THAN IN NOVEMBER 1972.

6. SEVERAL REASONS ARE GIVEN FOR THESE DEVELOPMENTS. STINGL OF THE EMPLOYMENT SERVICE BLAMED THE HIGHER RATE OF UNEMPLOYMENT ON "ECONOMIC RELAXATION" (A DOWNTURN IN ECONOMIC ACTIVITY), THE EARLIER ONSET OF WINTER AND UNCERTAINTY OVER THE FUTURE OF ENERGY SUPPLIES. THE CDU/CSU FRACTION OF THE BUNDESTAG RELEASED A STATEMENT SAYING THAT UNEMPLOYMENT AND SHORT-TIME ARE RESULTS OF GOVERNMENT POLICY AND HAVE NOTHING TO DO WITH THE OIL CRISIS.

7. GOVERNMENT RESPONSE TO RISING UNEMPLOYMENT TO DATE HAS INCLUDED THE SUSPENSION OF THE RECRUITMENT OF

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INFO OCT-01 EUR-25 NEA-10 IO-14 ISO-00 SAJ-01 DRC-01

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CEA-02 /237 W

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R 171715Z DEC 73

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TO SECSTATE WASHDC 9325
INFO AMCONSUL BREMEN
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FOREIGN WORKERS FROM NON-EC COUNTRIES AND THERE ARE ALSO INDICATIONS THAT THE GOVERNMENT WILL TAKE ADDITIONAL STEPS TO ALLEVIATE THE SITUATION. ON DECEMBER 9, FINANCE MINISTER HELMUT SCHMIDT (SPD) SAID THAT IN CASE OF A FURTHER CUT IN OIL SUPPLIES THE GOVERNMENT WILL INITIATE AN INCENTIVE PROGRAM URGING PUBLIC INVESTMENTS BY THE LAENDER, LOCAL GOVERNMENTS, RAILWAYS AND POSTS TO CREATE JOBS. OTHER MACRO-ECONOMIC MEASURES WILL ALSO BE CONSIDERED DURING THE DECEMBER 19 CABINET MEETING (SEE BONN 17716).

8. ON DECEMBER 13, THE DGB TEXTILE AND CLOTHING WORKERS UNION REACTED TO UNEMPLOYMENT BY SPONSORING A MASS DEMONSTRATION IN BONN TO PROTEST AGAINST WHAT IT VIEWS AS THE IMPACT OF "EXCESSIVE" TRADE LIBERALIZATION, AND THE GOVERNMENT'S ECONOMIC STABILIZATION PROGRAM IN THE TEXTILE AND CLOTHING SECTORS. UNION PRESIDENT BUSCHMANN REQUESTED HIGHER BENEFITS FOR THE UNEMPLOYED AND WORKERS ON SHORT-TIME, AN EASING OF CREDIT RESTRICTIONS, THE GRANTING OF LOANS AND A LONG TERM DEVELOPMENT PROGRAM TO SECURE JOBS IN THE THREATENED INDUSTRIES.

DGB PRESIDENT VETTER DECLARED THAT THE DGB SUPPORTS
THE DEMANDS OF THE TEXTILE AND CLOTHING WORKERS AND
WARNED CHANCELLOR BRANDT NOT TO FORGET HIS COMMITMENT
TO MAINTAIN FULL EMPLOYMENT.
HILLENBRAND

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